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AID FOR NOREEN JANUS

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SUBJECT: AMBASSADOR PROMOTES FTA, ECONOMIC DEVELOPMENT IN
JUNIN

¶1. (SBU) Summary. During his April 18-19 trip to Junin, a Department in the Peruvian highlands, the Ambassador met with several local dignitaries and agricultural producers to discuss the U.S.-Peru free trade agreement and economic development. The Ambassador toured several facilities that receive technical assistance from USAID. During the tour, the Ambassador explained to the press how poor farmers can improve their economic wealth by shifting away from traditional crops, such as potatoes, to growing high value crops for export, such as trout or artichokes. He also emphasized how the U.S.-Peru free trade agreement will permanently open markets to Peruvian agricultural producers, thereby encouraging economic growth in areas outside of Lima. End Summary.

Tools for Promoting Economic Development

¶2. (U) The Ambassador, during an April 18-19 trip to the Peruvian highlands, toured several agricultural projects in Junin that receive funding and technical assistance from USAID's Poverty Reduction and Alleviation (PRA) project. USAID funds nine PRA Service Centers in Peru; these centers seek to promote economic development in the highland and jungle areas by matching up small producers with the Peruvian and foreign private sectors. In more than six years of existence, the PRA project has generated close to \$100 million in new sales and has created more than 46,000 new jobs.

¶3. (U) Accompanied by Luis Felipe Urbina and Zulma Geri of the PRA Service Center in Huancaayo and 12 local press, the Ambassador met with local trout and artichoke farmers, as well as toured artichoke and trout processing plants on April 18. Esteban Torres, the artichoke farmer, proudly showed the Ambassador a seven-hectare plot of artichokes, noting how he was unable to care for his family when he grew potatoes. With the help of PRA, Torres diversified his crops, switching to artichokes, which not only grow well in the Junin highlands, but are also in high demand internationally. Torres, who now has over 30 hectares of artichokes, has become one of the primary artichoke farmers in the Department and also acts as a consultant to farmers in Cusco and other areas that want to shift from traditional

crops to higher value exportable crops. Using Torres as an example, the Ambassador emphasized how local producers need to take advantage of export opportunities under the U.S.-Peruvian free trade agreement.

¶4. (U) The Ambassador also met with Augusto Fernandini Frias, the General Manager of Agromantaro, a local artichoke processing plant. Fernandini explained to the Ambassador and the press how he received support from USAID and PRA in 2004 to build a processing plant. His plant now employs more than 100 people, who clean, cook and process locally grown artichokes for export to Europe and the United States. Under ATPDEA, these artichokes enter the U.S. duty free; if the free trade agreement is not passed, Peruvian artichoke farmers must pay a 14.9 percent duty on processed artichokes that enter the U.S. market.

¶5. (U) Luis Felipe Urbina, General Manager of PRA Huancayo, informed the Ambassador that trout farming has also become popular, and PRA has several technical assistance programs for small trout farmers. During a tour of a small trout farm and a large trout processing plant, the Ambassador witnessed how local producers are able to take advantage of the climate and natural resources of Junin to develop the economic competitiveness of the region.

Issues in Rural Peru

¶6. (SBU) During his trip, the Ambassador met with several local mayors to discuss social and economic challenges in the region. Luis Balvin, the Mayor of Jauja, noted that the majority of people living in the region are farmers who are dependent upon the Mantaro River water supply. Balvin

explained that contamination of the river is a real problem, as large mining companies, such as U.S.-owned Doe Run, are polluting the area. Additionally, only 30% of people living in the Jauja area have access to piped, potable water. The Ambassador, recognizing the importance of clean water, pointed out that Doe Run has undergone extensive clean up efforts in recent years.

¶7. (SBU) In addition to echoing concerns about contamination, Luis Heras, the Mayor of Molinos, explained that the smaller towns in Junin do not receive any of the mining cannon funding. Due to lack of funding, the local governments have been unable to improve infrastructure -- roads, bridges, and telecommunications. However, Heras highlighted how his government is looking to promote tourism. The Municipality of Molinos recently procured a large telescope and is working with several Peruvian Universities to develop astronomy courses. Heras also noted that his government is promoting the development of new crops for export.

Comment

¶8. (SBU) Junin, like many areas in the Peruvian Andes, remains disconnected from the more developed coastal areas. Economic tools such as USAID's PRA project and the free trade agreement provide Peruvians with opportunities to develop and export new products, thereby creating new jobs and fostering economic growth. Testimonials from Peruvians such as Esteban Torres highlight how important these projects, and particularly the FTA, are to the elimination of poverty in rural Peru.

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